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Moore & Van Allen

September 14, 2006

James H. Jeffries IV
Attorney at Law

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VIA UPS OVERNIGHT

Moore & Van Allen PLLC

Suite 4700
100 North Tryon Street
Charlotte, NC 28202-4003

Mr. Charles Terreni
Chief Clerk Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

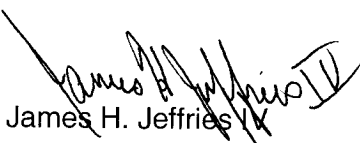
Re: Docket No. 2005-125-G Piedmont Natural Gas Company – Election of Piedmont Natural Gas Company, Inc. for Application of The Natural Gas Rate Stabilization Act to Its Rates and Charges

Dear Mr. Terreni:

Enclosed please find an original and 26 copies of the *Comments of Piedmont Natural Gas Company, Inc.* in the docket shown above. Please accept the original and 25 copies for filing and return the additional "filed" stamped copy in the enclosed self-addressed stamped envelope.

Thank you for your assistance with this matter. If you have any questions about this filing you may reach me at the number shown above.

Sincerely,


James H. Jeffries IV

Enclosures

c: ORS (5 copies via UPS Overnight)
Mr. Scott Elliott (via UPS Overnight)
Mr. David Carpenter
Ms. Jane Lewis-Raymond


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COMMISSION

Research Triangle, NC
Charleston, SC

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2005-125-G

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COMMISSION

In the Matter Of

Election of Piedmont Natural Gas
Company, Inc. for Application of
The Natural Gas Rate Stabilization
Act to Its Rates and Charges

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**COMMENTS OF
PIEDMONT NATURAL GAS
COMPANY, INC.**

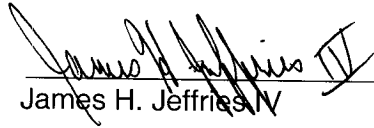
Piedmont Natural Gas Company, Inc. ("Piedmont"), pursuant to Section 58-5-455(4) of the S.C. Code of Laws, hereby submits the following written comments on the *Report of Office of Regulatory Staff Review of Piedmont Natural Gas Company, Inc.'s Monitoring Report* ("ORS Audit") prepared and filed in this proceeding by the Office of Regulatory Staff ("ORS") on September 1, 2006.

Piedmont has carefully reviewed the September 1, 2006 ORS Audit and the proposed adjustments to Piedmont's June 15, 2006 Quarterly Monitoring Report contained therein and consistent with the Settlement Agreement filed in this docket on September 1, 2006, Piedmont hereby advises the Commission that Piedmont has no objection to or comments on the findings and adjustments reflected in the ORS Audit. Piedmont further confirms its agreement, as part of an overall settlement with the ORS, to implement rates beginning with the first billing cycle of November, 2006 based upon the ORS audit results and a return on equity of 11.2% in lieu of the existing approved rate of return on equity adopted in Piedmont's last general rate case.

Revised rates and charges incorporating the ORS Audit adjustments and reflecting a rate of return on equity of 11.2% are attached hereto as Exhibit A.

Respectfully submitted this 14th day of September, 2006.

PIEDMONT NATURAL GAS COMPANY, INC.

A handwritten signature in black ink, appearing to read "James H. Jeffries IV", is written over a horizontal line.

James H. Jeffries IV

OF COUNSEL

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100 North Tryon Street
Charlotte, North Carolina 28202-4003
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PIEDMONT NATURAL GAS COMPANY, INC.

PROPOSED REVENUE CALCULATIONS

2006 RSA

SOUTH CAROLINA

(dekatherms)		Proposed	Proposed
Rate Schedule		Rate	Revenue
Residential Service - Value 201			
Bills - Winter	\$	10.00	\$ 2,512,530
Bills - Summer	\$	8.00	\$ 2,905,400
DTs - Winter		13.2732	36,874,636
DTs - Summer		12.7611	14,726,805
Residential Service - Standard 221			
Bills - Winter	\$	10.00	\$ 3,126,310
Bills - Summer	\$	8.00	\$ 3,253,032
DTs - Winter		15.0049	38,228,764
DTs - Summer		14.8709	9,922,504
			\$111,549,981
Small General Service - Standard 202			
Bills	\$	22.00	2,682,108
DTs - Winter		14.0040	24,999,018
DTs - Summer		13.6969	6,039,216
Small General Service - Value 232			
Bills	\$	22.00	974,006
First 200		13.4724	12,832,448
Over 200		13.2077	3,543,766
DTs - Winter			
First 200		12.5810	12,937,327
Over 200		12.3173	1,730,726
DTs - Summer			
Medium General Service - Standard 252			
Bills	\$	75.00	20,250
DTs - Winter		13.9869	2,471,415
DTs - Summer		13.5178	710,715
Medium General Service - Value 262			
Bills	\$	75.00	74,325
First 500		13.2126	2,599,547
Over 500		12.8836	3,310,504
DTs - Winter			
First 500		12.3195	3,099,722
Over 500		12.0911	2,283,158
DTs - Summer			
Small General Service - Motor Fuel 242			
Bills	\$	22.00	528
DTs - Winter		10.7683	11,610
DTs - Summer		10.7853	17,391
			\$80,337,779

PIEDMONT NATURAL GAS COMPANY, INC.
PROPOSED REVENUE CALCULATIONS
2006 RSA
SOUTH CAROLINA

(dekatherms)		Proposed	Proposed
Rate Schedule		Rate	Revenue
Large General Service - Sales 203			
Bills	\$	250.00	22,250
Demand DT'S	\$	19.00	352,055
First 1,500		11.0441	560,775
Next 1,500		10.3988	367,556
Next 7,500		9.9053	334,423
Next 16,500		9.6050	-
Next 33,000		8.9693	-
<u>Over 60,000</u>		8.6836	-
DTs - Winter			
First 1,500		10.2980	718,471
Next 1,500		9.8344	326,237
Next 7,500		9.5648	120,516
Next 16,500		9.4193	-
Next 33,000		8.9193	-
<u>Over 60,000</u>		8.6836	-
DTs - Summer			
Large General Service - Transportation 213			
Bills	\$	250.00	121,250
Demand DT'S	\$	6.00	654,019
Standby DT's	\$	13.00	0
First 1,500		2.5331	749,879
Next 1,500		1.8780	412,604
Next 7,500		1.4108	324,090
Next 16,500		1.1050	2,724
Next 33,000		0.4693	-
<u>Over 60,000</u>		0.1836	-
DTs - Winter			
First 1,500		1.7870	707,573
Next 1,500		1.3187	339,071
Next 7,500		1.0355	310,411
Next 16,500		0.6803	7,313
Next 33,000		0.4193	-
<u>Over 60,000</u>		0.1836	-
DTs - Summer			

PIEDMONT NATURAL GAS COMPANY, INC.
PROPOSED REVENUE CALCULATIONS
2006 RSA
SOUTH CAROLINA

(dekatherms)	Proposed Rate	Proposed Revenue
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Rate Schedule

Interruptible Service - Sales 204

Bills	\$	250.00	72,250
First 1,500		11.5575	1,323,808
Next 1,500		10.9142	751,519
Next 7,500		10.3470	940,335
Next 16,500		9.9232	779,944
Next 33,000		9.5390	30,592
<u>Over 60,000</u>		9.0836	-
DTs - Winter			
First 1,500		10.3880	2,122,133
Next 1,500		9.9108	1,214,678
Next 7,500		9.5731	1,223,892
Next 16,500		9.3479	554,966
Next 33,000		9.0693	-
<u>Over 60,000</u>		8.7836	-
DTs - Summer			

Interruptible Service - Transportation 214

Bills	\$	250.00	177,500
First 1,500		2.5359	955,441
Next 1,500		1.8804	594,823
Next 7,500		1.4106	890,797
Next 16,500		0.9400	265,464
Next 33,000		0.4699	16,996
<u>Over 60,000</u>		0.1836	1,643
DTs - Winter			
First 1,500		1.7913	918,036
Next 1,500		1.3230	511,695
Next 7,500		1.0385	807,735
Next 16,500		0.7531	205,427
Next 33,000		0.4179	23,135
<u>Over 60,000</u>		0.1836	-
DTs - Summer			

\$20,814,024

Outdoor Gaslight Service - Rate 205

Fixtures	15.0000	720
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Annual Revenues From Special Contracts

3,989,278

ANNUAL TOTAL	proposed	<u>\$216,691,782</u>
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached Comments of Piedmont Natural Gas Company, Inc. is being served this date via UPS Overnight upon:

Jeffrey M. Nelson
C. Lessie Hammonds
Office of Regulatory Staff
1441 Main Street
Suite 300
Columbia, South Carolina 29201
(5 copies)

Scott Elliott
Elliott & Elliott, PA
721 Olive Street
Columbia, South Carolina 29205

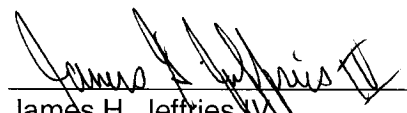
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COMMISSION

And that a copy of the attached Comments of Piedmont Natural Gas Company, Inc. is being served this date via U.S. Mail upon:

Jane Lewis-Raymond
Vice President & General Counsel
Piedmont Natural Gas Company, Inc.
P.O. Box 33068
Charlotte, North Carolina 28233

David Carpenter
Managing Director Regulatory Affairs
Piedmont Natural Gas Company, Inc.
P.O. Box 33068
Charlotte, North Carolina 28233

This the 14th day of September, 2006.


James H. Jeffries